

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD A BUDGET WORK SESSION ON TUESDAY, MARCH 24, 2009, AT 6:00 P.M., IN THE BOARD OF SUPERVISORS MEETING ROOM IN THE COUNTY COURTHOUSE.

THERE WERE PRESENT: Charles Wagner, Chairman
Wayne Angell, Vice-Chairman
Leland Mitchell
David Hurt
David Cundiff
Russ Johnson
Bobby Thompson

OTHERS PRESENT: Richard E. Huff, II, County Administrator
Christopher L. Whitlow, Asst. County Administrator
Larry V. Moore, Asst. County Administrator
Vincent K. Copenhagen, Director of Finance
Sharon K. Tudor, CMC, Clerk

Chairman Charles Wagner called the meeting to order.

CASH FLOW BALANCE-USE OF ONE TIME FUNDS

Richard E. Huff, II, County Administrator, shared with the Board the following Cash Flow Importance:

Franklin County Cash Flow Importance

- The fund balance number of \$17.8 million is the cash flow balance shown on the County's financial statements at June 30, 2008. This balance increases and decreases throughout the year.
- The use of one time money (doesn't recur) for ongoing expenses assumes:
 1. that either you know where the money will come from the following year and are convinced you can come up with it,
 2. you have a plan for how to replenish the savings account, or
 3. you are willing to extend the ongoing expense one year and then eliminate it if you don't have the money next year.

Fund Balance could be an option during the year if:

1. revenues are worse than projected
 2. reimbursement schedules from the state are longer than anticipated
 3. state revenue projections are flawed as they were this year
 4. unforeseen expenditures present themselves in excess of what can be absorbed in to the existing budget
- County expenditures average \$10.57 million per month including schools. \$17.8 million would only carry us a little more than a month and a half. Many communities require a 90 day operating emergency fund as a reserve. State revenues require us to expend the funds and seek reimbursement. The state has, on many occasions, shifted their reimbursement schedule to benefit their cash flow causing those funds to be returned to us much slower than anticipated.
 - Most grants as well as multiple school programs often require the County to advance the expenditure of funds before the reimbursement can be requested and then the turn around time can often be longer than one month before the County actually receives the revenue. The Franklin Center, for instance, had \$3.3 million in reimbursable grants involved in it with \$100,000 still outstanding. CSA, Social Services, Family Resources, Constitutional Officers, etc., are all subject to cash flow reimbursements as are many of the school grants.
 - Franklin County's Financial Policy states that we will maintain a 10% of budget as a Fund Balance (Cash Flow Balance).
 - May need fund balance to cover local revenue shortfalls. March 09 local sales tax was 14.2% **lower** than March 08 and is the lowest March in the last 5 years. (See Attachment

2) Have we reduced our local revenue projections enough for 09-10?? Unemployment at the end of February was 8.7%. Will folks be able to pay their taxes this December?

- Maintain the County’s Bond Rating – a real plus has been the County’s pay-as-you-go basis for CIP as well as our cash flow balances that helped offset other deficiencies in order to receive a AA3 rating.
- We will use approximately \$2.8 million from fund balance in the next fiscal year for Phase II of the Landfill and the Government Center as planned in our long range financial plan last year plus unknown requirements for courthouse security, jail improvements, Economic Development projects, etc.

Important Facts about FY 09-10 Budget

1. Local School Support-includes increase for Windy Gap Elem. School

FY09=\$30,752,150
FY10=\$30,383,762
% decrease= 1.2%
\$ decrease= (\$368,388)

2. Non-School Budget-includes increase for Regional Jail

FY09=\$44,219,128
FY10=\$41,144,053
% decrease=6.95%
\$ decrease= (\$3,075,075)

3. Sales Tax in March, 2009 dropped 14.2% over same time last year. We are budgeted for FY10 at only 8.4%. Is that enough? If we increase revenue estimate to a 14.2% drop, we will need to make up another \$250,000. Will we need some cushion if revenues are worse than expected?

4. CSA and Social Services are so unpredictable. For instance, in the last week, we have taken in 9 new kids into foster care, 6 of which were a sibling group. At \$3,500 per month average, that is \$378,000 if all 9 stay in foster care for a year.

5. Staff Positions cut from budget:

a. Director of Utilities	1
b. Planning Technician	1
c. Zoning & Plans Coordinator	1
d. Correctional Officer	1
e. Planner II	.75
f. Custodian-Armory	.5
g. PT Library Aid	<u>.65</u>

TOTAL FTE REDUCTION 5.9

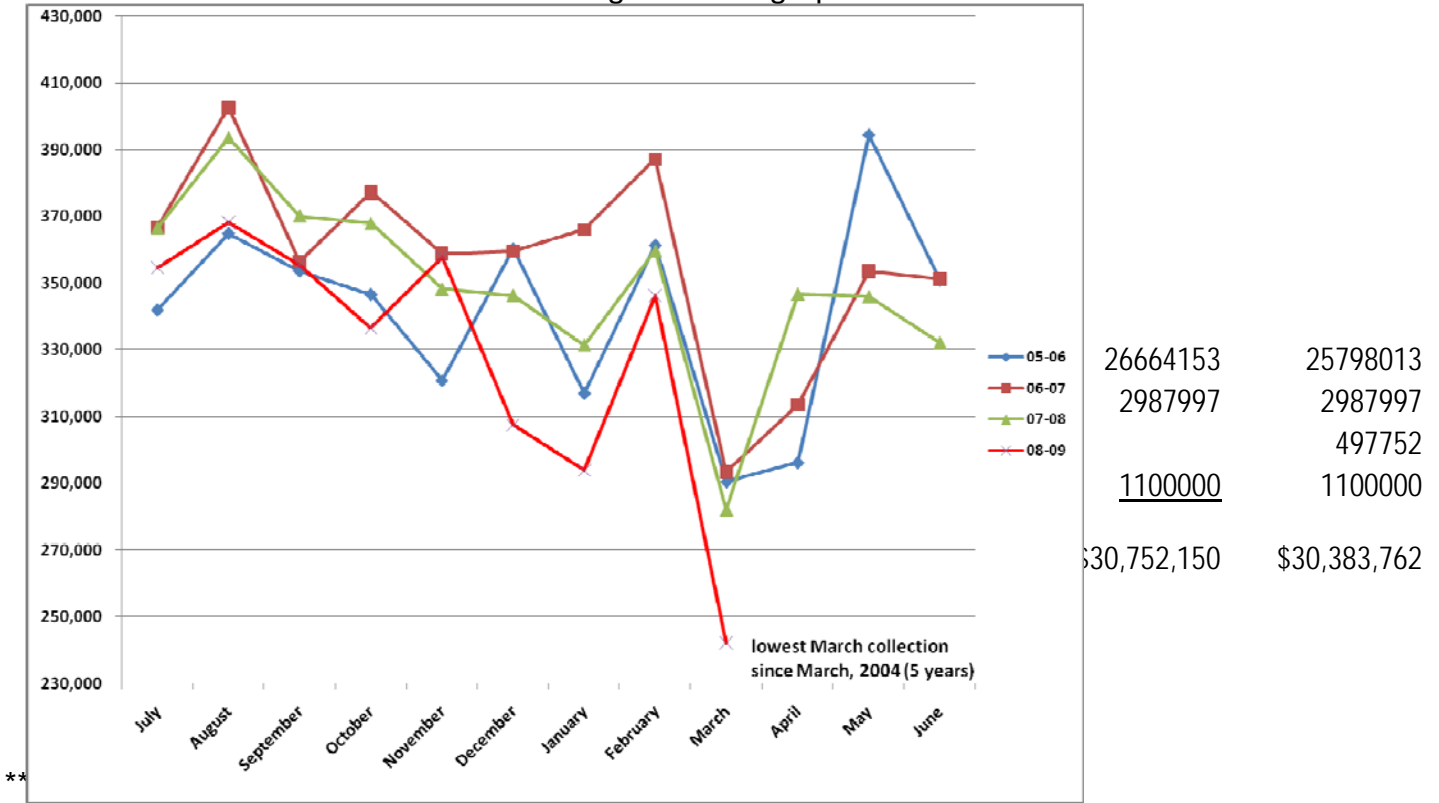
TOTAL WORKFORCE SUBJECT TO REDUCTIONS – 148

% Reduction – 4%

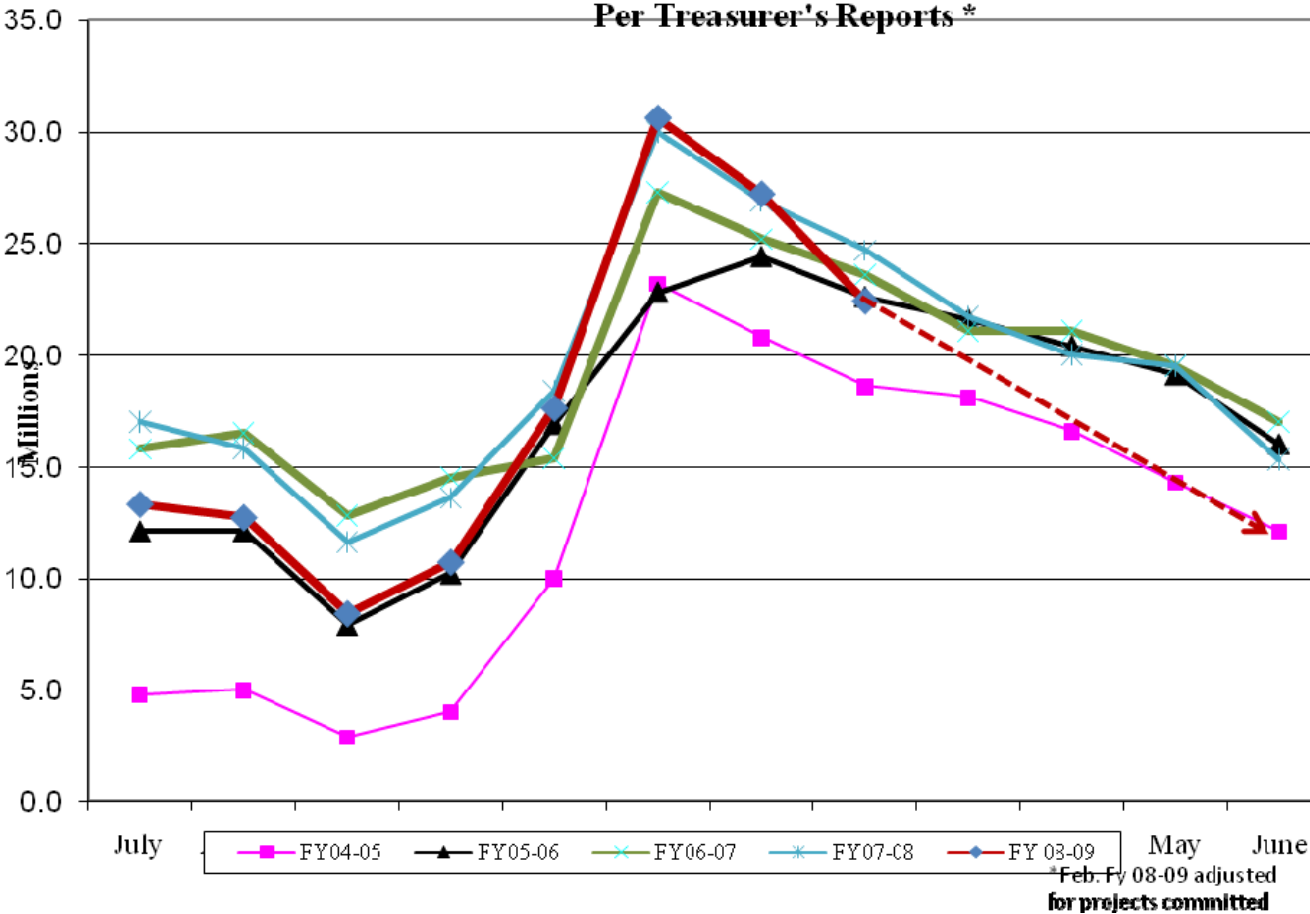
Adult inmate numbers are creeping up again. Last week, we had 251 total inmates, up from 212 in December. We are budgeted at a maximum total of 259

REVENUES:

Mr. Huff shared with the Board the following sales tax graph:



Franklin County General Fund Cash Balance by Month and Fiscal Year Per Treasurer's Reports *



\$59,000 SCHOOL DEBT SERVICE DROP

Richard E. Huff, II, County Administrator, advised the Board the \$59,000 School Debt Service was presently within the proposed Operating Budget. The Board concurred to have the \$59,000 School Debt Service from the existing school budget returned back to the County's General Fund.

SCHOOLS REQUEST TO BORROW MONEY OVER 3 YEAR PERIOD USING 1.1 CAPITAL

Richard E. Huff, II, County Administrator, stated the schools wanted to borrow money utilizing a bridge loan (interest only) with conversion to a VPSA Loan later on. Mr. Johnson stated he would like to see the Board authorize the Schools to borrow money up to \$3M for Capital needs. General discussion ensued.

The Board stated since the Capital funding is not a time sensitive issue they would revisit the topic at a later date.

DISCUSS FUNDING AMOUNT ON PUPIL ENROLLMENT LOSS \$614,636

Richard E. Huff, II, County Administrator, shared with the Board the requested amount for pupil enrollment which reflects a loss of \$614,636.

SCHOOL BUSES OUT OF SCHOOLS CAPITAL/PLACED BACK INTO OPERATIONS

Richard E. Huff, II, County Administrator, recommended to move the requested school buses back into School Operations, and seek other alternatives to purchase busses; explore the possibility that the funds for buses be placed into a county account until the schools are ready to make the purchase; or fund by category to get bus money into the Transportation Budget. The Board agreed to pull school busses out of the School Capital Set Aside budget and place them back in the Schools Operating Budget.

Chairman Wagner adjourned the meeting.

CHARLES WAGNER
CHAIRMAN

RICHARD E. HUFF, II
COUNTY ADMINISTRATOR